

## **FISCAL NOTE**

### **SB 1824 - HB 1670**

March 29, 2001

**SUMMARY OF BILL:** Enacts the *Mandatory Motor Vehicle Insurance Act of 2001* which:

1. requires submission of proof of insurance or proof that a cash deposit or bond has been filed that complies with the Tennessee Financial Responsibility Law, for registration or renewal of registration of a motor vehicle.
2. provides that anyone operating a motor vehicle not covered by liability insurance or who fails or refuses to comply with a law enforcement officer's request to display evidence of insurance is guilty of a Class C misdemeanor punishable by a fine of up to \$500 for the first conviction. A second or subsequent conviction is punishable by a fine of up to \$1,000 or driver license suspension up to 6 months or both.
3. specifies that it is a Class C felony to, with fraudulent intent, alter, forge or counterfeit an insurance card or to make or sell counterfeit insurance cards. Violation is punishable by a fine of not less than \$500 or more than \$5,000 or by imprisonment for not less than one year and one day or more than ten years or both fine and imprisonment.
4. requires an insurer to notify the Department of Safety and the insured within 10 days that a policy has been terminated and no replacement policy issued and that the vehicle registration will terminate in 15 working days from the date of the notice.
5. requires the Commissioner of Safety to notify an individual within 10 days of the withdrawal of the required cash deposit or bond that the person's vehicle registration will terminate 10 working days from the date of the notice. Affected registrations will only terminate if the vehicle owner does not provide the required proof before the 15 days expire.
6. specifies that vehicle owners not maintaining liability insurance are subject to the suspension of their vehicle registration. The registration reinstatement fee will be \$100 for the first suspension. Reinstatement after subsequent suspensions would only be possible after a 6 month driver license suspension, presentation of proof of insurance, and payment of a \$200 fee.
7. specifies that any insurance company failing to provide the required notice shall remain liable to the extent of the original policy limits for the period of validity of the original policy certificate or until the required notice is sent to the Commissioner.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenues - Exceeds \$2,000,000**

**Increase State Expenditures - \$352,200 Recurring**

**\$596,000 One-Time**

**\$7,700/Incarceration\***

**Increase Local Govt. Revenues - Exceeds \$100,000**

**Increase Local Govt. Expenditures - Less than \$100,000**

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<u>Increase State Expenditures</u>	<u>One-Time</u>	<u>Recurring</u>
Wages and Benefits	\$	\$235,000
Office Space		23,400
Equipment (CRT's and Phone Lines)		9,800
Supplies		34,000
MIS Software Enhancements	50,000	50,000
Office Furniture	36,000	
Telephone Sets	1,500	
Microfilm Reader	2,500	
Personal Computers	6,000	
New Insurance Sub-system	500,000	
TOTALS	<u>\$596,000</u>	<u>\$352,200</u>

Estimate assumes:

- 12 new positions in the Department of Safety to handle correspondence and paperwork generated by the implementation of this act.
- the development of a new sub-system for processing insurance notifications and cancellations and notifications to vehicle owners, as well as numerous changes to the current motor vehicle information system.
- county clerks will continue to be able to process motor vehicle renewal registrations by mail as long as the proof of compliance with the provisions of the bill is included with the renewal form by the individual mailing it in. Any increase in expenditures for local governments is estimated to be not significant.
- one Class C felony conviction under the provisions of the bill every other year.
- individuals will have to present proof of insurance to law enforcement officers at traffic stops.
- there are approximately 1,000,000 traffic stops annually.
- 20% of those drivers will not be in compliance with the financial responsibility requirements of the bill with an average fine of \$10 per offense for an increase in state revenues of approximately \$2,000,000.
- the impact on local government expenditures depends upon the number of persons convicted of the Class C misdemeanor offense who are sentenced to jail time and the resulting increased cost to local governments to confine them. It is estimated that only a small number of offenders will be subject to confinement.
- revenues from driver license reinstatement fees for those whose licenses are suspended under the provisions of the bill are estimated to exceed \$100,000.
- court clerks retain 5% commission on fines.

*\*Section 9-4-210, TCA, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated for operating cost, in current dollars, shall be based upon the highest cost of the next 10 years, beginning with the year the additional sentence to be served impacts the correctional facilities population.*

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director